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SUBJECT: Serbian Deputy Prime Minister Djelic Talks Kosovo to
Competitiveness in Ambassador's Introductory Call

REF: BELGRADE 172

Summary

11. (SBU) Deputy Prime Minister and Minister of Science and Technology Djelic told the Ambassador that Serbia sought a more "balanced" solution for Kosovo, otherwise Serbia would be isolated from the EU and would not advance toward Europe. Djelic thanked the United States for supporting Serbia's progress toward EU accession in late 2009 and outlined an ambitious goal of achieving EU candidate status in 2010. With regard to his S&T portfolio, Djelic said he hoped to sign a bilateral S&T cooperation agreement in the United States in April and would be reinvigorating Serbia's scientific research with a forthcoming government approved strategy and new financing. End Summary.

Kosovo Dominates Initial Discussion

12. (SBU) In his February 17 introductory meeting with Ambassador Warlick, Deputy Prime Minister for EU Integration and Minister of Science and Technology Bozidar Djelic opened with a long discussion of Kosovo. Djelic said that he was not a policy maker on Kosovo, but rather a policy taker and policy influencer on the issue. However, he highlighted the importance of Kosovo to Serbia's EU accession process and said the Cyprus example meant that EU members would not allow Serbia to join the EU without resolving Kosovo issues. Djelic said that no Serbian politician would recognize Kosovo in order to open Serbia's EU path. Djelic was heartened by the fact that there was not a singular European position on Kosovo and that even recognizing countries were asking the Serbian government about solutions for Kosovo. He said that during Belgian Prime Minister Leterme's visit to Belgrade that day, Leterme had asked President Tadic to describe Serbia's legal outline for a status solution. Djelic said a "more balanced" solution was necessary, and that the international community could do better than a solution that was "pushed down the throat of Serbia." Djelic made a point of saying that he had family ties to Kosovo and that he spoke privately at international meetings with Kosovo Finance and Economy Minister Ahmet Shala.

13. (SBU) Djelic repeated the newly deployed core Serbian government talking point that Belgrade recognized that Serbia could not govern Kosovo Albanians, but Pristina must also recognize that it could not govern Kosovo Serbs in the north. Djelic also

repeated that Serbia would use only legal and diplomatic means and be "predictable" in its actions regarding Kosovo. He said that the government would not manipulate the situation in Kosovo and would continue to fight organized crime and remove or isolate extremists. He mentioned Bosnia as an example of a balanced compromise, but would not be drawn out on this point.

14. (SBU) The Ambassador responded firmly that the United States and several of our European partners had just made clear to the government in coordinated messages that Kosovo status was settled and that Kosovo's sovereignty and territorial integrity were not up for discussion. She added that we wanted to hear Serbia's proposals for improving the lives of those in Kosovo and ideas about a way forward following the International Court of Justice (ICJ) opinion on Kosovo's independence declaration. The Ambassador pointed to Vice President Biden's statement in Belgrade in May 2009 that we would agree to disagree on Kosovo, but needed to cooperate on practical issues and deepen our bilateral relations in other spheres.

Goal for EU Path: Candidate Status in 2010

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15. (SBU) Djelic's thanked the Ambassador for U.S. support with European leaders to advance Serbia's EU accession process at the end of 2009. Djelic said the first review of the Interim Trade Agreement by the European Commission would be in Belgrade on March 12. Djelic outlined Serbia's next steps with the EU following the upcoming June report from ICTY prosecutor Brammertz. Djelic said that his recent three hour meeting with new EU Enlargement Commissioner Fule had gone well. He said that Albania and Montenegro had given Serbia had copies of their EU application questionnaires and Serbia would use them to draft answers in advance of receiving their own questionnaire from the Commission. Djelic's ambitious scenario was to receive the questionnaire officially in June and then return it with answers "before the summer," with the goal of candidate status by the end of 2010. Djelic said that he had tasked all Serbian ministries to prepare draft answers to the questionnaire by the end of April.

16. (SBU) Djelic acknowledged that Serbia faced challenges with Germany, France and the Netherlands to move ahead with ratification of Serbia's Stabilization and Association Agreement (SAA) in June. He expressed concern that some voices were suggesting that Serbia's EU path should be conditioned on Serbian cooperation in Bosnia and Kosovo. Djelic argued this would be counterproductive as it empowered radical elements in Bosnia to halt Serbia's EU accession. Djelic said that Serbia's goals were to achieve candidate status by the end of 2010 and open negotiations on membership in 2012, just before the government would have to call new parliamentary elections.

Science and Technology

17. (SBU) Speaking about his science and technology portfolio, Djelic said the Ministry would soon respond to the bilateral S&T agreement language that the Embassy passed to the Ministry in early February. His goal was to have Serbian government approval for the agreement so that he could sign it in the United States during his planned visit ahead of the spring World Bank/IMF meetings April 25-26. Djelic said the government would approve a science and technology strategy soon. In addition, Djelic planned to sign an

agreement on March 4 with the European Investment Bank for \$275 million in financing for science infrastructure. He was also interested in supporting technology start up firms with a \$135 million regional technology fund that would include funding from the EU, countries in the region, international financial institutions and others. Djelic said he had spoken with George Soros and that Soros was willing to contribute \$13 million once the fund was launched. The Ambassador noted U.S. Serbian cooperation at the Vinca nuclear research facility as an example of our positive cooperation. Djelic responded that Serbia appreciated U.S. assistance on nuclear issues and that Serbia would be a partner on IAEA issues this year, alluding to past issues of support for Iran in return for Iranian support for Serbia on Kosovo.

Economy Woes

18. (SBU) Djelic moved to a discussion of the economic challenges the government faced in recovering from the financial crisis. He said that Serbia had chosen to go to the IMF early, well ahead of its neighbors, and had managed to stabilize the dinar, but this had come with a cost. The IMF had mandated pension and wage freezes that had eroded average Serbian purchasing power by 30%. The government needed to lift these freezes, Djelic said, in order to keep from slipping in the polls. Striking a similar theme as PM Cvetkovic in his introductory meeting with the Ambassador (reftel), Djelic said that Serbia's ratings from the international credit rating agencies were too low and because of Serbia's history were rated on par with much smaller and less developed economies. Djelic was optimistic, however, as Serbia's rating with two agencies had shifted from negative to neutral even with the

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financial crisis. Djelic thanked the United States for assistance to Serbia's Competitiveness Council, which he chairs, and for the positive role of U.S. investors like U.S. Steel, Ball Packaging and Microsoft.

Regional Partnership Opportunities

19. (SBU) Djelic outlined three areas where Serbia hoped to build regional cooperation. He said that Serbia was lobbying to host the secretariat for the South East Europe Transport Observatory (SEETO) in competition with Tirana. According to Djelic, Serbia would like to become an active participant in a regional Danube strategy to build on the transport and tourism potential of the river. He also said that the countries in the region needed to resolve refugee and internally displaced persons issues. Spain, in its EU Presidency role, was working on this issue and Djelic hoped that a conference on refugees would happen in March.

Comment

10. (SBU) Djelic has rarely discussed Kosovo publicly in the past, leaving the issue to others. In recent press appearances, Djelic has begun using language on Kosovo that comes straight from Foreign Minister Jeremic's playbook. Like others in the Serbian government, the candid private words from several EU members that

Serbia will not be able to join the EU without a modus vivendi with Kosovo has gotten Djelic's attention. Djelic spent a significant portion of his initial meeting with the Ambassador focusing on an issue he admitted was outside of his portfolio, but which he clearly recognizes threatens the ambitious EU agenda that is at the heart of the government's plans for maintaining public support and eventual reelection. The key question, of course, is how the Serbian government itself chooses to manage its policy toward Kosovo going forward. End Comment.

WARLICK